



**Date:** February 11, 2016

**To:** Thomas J. Bonfield, City Manager  
**Through:** Keith Chadwell, Deputy City Manager  
**From:** Kevin Dick, Director – Director, Office of Economic and Workforce Development  
**Subject:** Amendment to the Economic and Community Development Agreement Between Austin Lawrence Partners-East, LLC and The City of Durham

### **Executive Summary**

This item recommends the approval of an amendment to the economic development incentive agreement dated April 21, 2014 between the Austin Lawrence Partners East, LLC and the City of Durham. The term to be amended includes a change in the completion date from July 1, 2017 to July 1, 2018. There would be no financial implications associated with the proposed amendment.

### **Recommendation**

The Office of Economic and Workforce Development (OEWD) recommends that the City Council authorize the City Manager to:

1. Hold a public hearing on the proposed amendment to an economic development economic incentive agreement per G.S. 158-7.1; and
2. Authorize the City Manager to execute an amendment to the original agreement between the Austin Lawrence Partners-East, LLC and the City of Durham.

### **Background**

Austin Lawrence Partners East, LLC (ALP East, LLC) is proposing the development of a twenty-six (26) story mixed-use building, known as the City Center, at 119 W. Parrish Street (former Woolworth site) and the redevelopment of the deteriorated Jack Tar motel into a boutique hotel at 202 N. Corcoran Street.

### **Issues and Analysis**

According to the original agreement, Austin Lawrence Partners-East, LLC would have been required to secure a final Certificate of Compliance by July 1, 2017. Due to unforeseen issues relating to securing the equity and construction financing for the project, Austin Lawrence Partners-East, LLC experienced severe delays in its development and construction schedule that will prevent the Company from completing the project within the original proposed timeframes referenced in the economic development incentive agreement. Austin Lawrence Partners-East, LLC is requesting an extension to July 1, 2018.

If this amendment were not approved the City would take a substantial risk of foregoing substantial project benefits. The proposed project components, with a minimum projected capital investment of \$65 million dollars should have transformational impacts on downtown. The proposed twenty-six (26) story City Center would incorporate new construction at 119 West Parrish Street and the restoration of five (5) existing building facades at 113 West Parrish Street, 118 West Main Street, 120 West Main Street and 122 West Main Street. The other component would involve the redevelopment of the deteriorated Jack Tar Motel located at 202 North Corcoran Street into a 74-room hotel with ground level retail space and a parking garage consisting of approximately 260 spaces.

**Alternatives**

The City Council may decide to not approve the proposed amendment or may decide to approve it with changes. Choosing the former option would likely eliminate the chances for redevelopment of two deteriorated properties in a major corridor of downtown, given the fact that the ability of ALP East, LLC to develop the property is contingent upon public investment.

**Financial Impact**

Extending the completion date in the agreement would have no financial impact as the maximum amount of the economic development incentive would not change.

**SDBE**

An SDBE summary is inapplicable because no project-specific goals have been set and no SDBE's are involved in this item.

**Attachments:**

Amendment to the Economic Development Agreement between  
Austin Lawrence Partners-East, LLC and The City of Durham